

Annexure 1 - List of violations / non-compliances along with classification and prescribed actions**Annexure 1.5 - Actions for non-compliances observed during Surveillance activities**

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
1	Failure to ensure that the money /securities deposited/ committed by the client / nominated investors is not used by the Market Maker for any purpose other than market making.	Rs. 1,00,000/-	2nd Time & Onwards - Suspension as Market Maker + Market maker will not be allowed to take any new assignment for six months.	Material
2	Violation for Non-participation in a scrip in a month	For Across Scrip in a month - Up to 1 day - Warning Letter to be issued For 2 days - Rs. 2,500 More than 2 days and up to 5 days - Rs. 5,000 More than 5 days and up to 7 days - Rs. 15,000 More than 7 days and up to 15 days - Rs. 25,000 More than 15 days in a month - Rs. 50,000 and intimation to merchant banker to consider appointing new market maker	For Across Scrip in a month - 2nd Time & Onwards - Up to 1 day- 1,000 for every single day. For 2 to 15 days - 50% escalation. More than 15 days in a month - Rs. 50,000 + 50% Escalation + intimation to merchant banker to consider appointing new market maker and the non-compliant market maker will not be allowed to take any new assignment for up to 36 months.	Financial Disincentive

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3	Surveillance Obligation Quarterly Reporting	<p>1.Charges Rs. 1,500/- per day for Non QSB & Rs. 3,000/- per day for QSB from the due date till first 7 calendar days or submission of report, whichever is earlier.</p> <p>2.Charges of Rs. 2,500/- per day for Non QSB & Rs. 5,000/- per day for QSB from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier.</p> <p>3.In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued.</p> <p>4.The disablement notice issued to the member will be shared with all the Exchanges for information.</p> <p>5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.</p>	<p>2nd Time & Onwards -</p> <p>Levy of applicable monetary penalty along with an escalation of 50%.</p> <p>In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued.</p> <p>The disablement notice issued to the member will be shared with all the Exchanges for information.</p> <p>In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.</p>	Material
4	Unique Identifier for Algorithms	<p>Penalty of Rs. 20,000/- per instance</p> <p>After 3 instances Rs 50,000/- per instance</p> <p>After 10 instances Rs 1,00,000/- per instance (for incremental instances)</p> <p>(Instance is defined as an event of violation for a NNF id for a day. The penalty would be computed at NNF id level and number of day basis wherein such untagged/incorrect NNF id has been used by the trading member. Instance violation count shall be computed based on rolling 3 months. Surrendered algo id shall also be considered as an unregistered id.)</p>	-	Material

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5	Quote Stuffing	<p>Trading Members having excessive order messages with nil or low trade count will attract penalty as per the below criteria. Also note that the computation of order messages and trade count will be done separately for equity, equity derivatives and currency derivatives segment at unique algo and dealer level (Algo id + Dealer user id level).</p> <p>1. Where Order messages count of 10 lakh or above with 0 trade count for a particular trade date.</p> <p>2. Where Order messages count of 20 lakh or above with 10 trade or less for a particular trade date.</p> <p>For computation of penalty the above instances should be quality and accordingly the following penalty will be levied.</p> <p>1. Rs. 20,000/- per instance, in case 3 instances of violation observed in rolling 1 month.</p> <p>2. Post levy of point No 1, penalty of Rs 25,000/- shall be levied for every incremental instance of violation.</p>	-	Material
6	Order modifications without change in price and quantity	<p>Penalty will be levied in case of excessive order modifications without change in price and quantity based on the number of modifications observed as per the below structure</p> <p>1. Between 10,000 to 50,000 modifications: Penalty of Rs. 20,000/- per day</p> <p>2. More than 50,000 modifications: Stopping the algo strategy and Penalty of Rs. 50,000/- per day</p>	-	Material

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7	High algo order messages in stock/contract with Nil or low trade count	Computation of symbol/contract ratio: Count of order messages(Algo)/Count of Trades (Algo) Order Messages = Order Entry+Order Modification+Order Cancellation Penalty of Rs 20,000 will be levied in case the above ratio for any symbol/contract is more than 500 for 3 consecutive months in a particular segment.	-	Material
8	Market Orders emanating from Algo	Penalty of Rs 1000 per order up to a maximum of Rs 1 lac per day at member level	-	Material
9	Non-algo id pumping excessive order messages	Penalty of Rs. 20,000/- per instance After 3 instances Rs 50,000/- per instance After 10 instances Rs 1,00,000/- per instance (for incremental instances) Instance is defined as an event of violation for a NNF id for a day. Post establishment that the NNF id is algo, penalty shall be levied. Penalty shall be levied (for each NNF id) starting from the first date of alert raised by the Exchange until the unregistered algo has been used by the trading member. The penalty would be computed at NNF id level and number of day basis wherein such NNF id has been used by the trading member. Instance violation count shall be computed based on rolling 3 months.	-	Material

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10	Monitoring of Foreign Investment limits in listed Indian companies	Below penalty to be levied when Trading Member buying on behalf of their FPI/NRI clients in scripts where aggregate FPI/NRI/sector cap has been breached Penalty shall be at 0.10% of the total value or Rs.50,000/- whichever is higher per security.	-	Material
11	Failure to act as a Market Maker for a period as mutually decided between the Merchant Banker and the market maker	Rs. 25,000/-	2nd Time & Onwards - Rs. 50,000/- + non-entitlement to apply for allotting any scrip for a period of 6 months	Financial Disincentive
	<i>Note - For the following non-compliances, actions as prescribed under Exchange circular NSE/SURV/57315 dated June 27, 2023 shall continue -</i> 1) Persistent Noise Creators (PNC) 2) OTR			